

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Line-Up	)	WC Docket No. 03-109
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208

---

**APPENDIX E**

**AFFIDAVIT OF CHRISTINE A. DUNCAN, CPA**

**IN SUPPORT OF**

**EMERGENCY PETITION OF ALLBAND COMMUNICATIONS COOPERATIVE  
FOR INTERIM PARTIAL WAIVER OF THE PART 54.302 RULE AND FOR  
INCREASED PER-LINE SUPPORT**

1. Christine A. Duncan, CPA, first being duly sworn, files this affidavit affirming the adoption by Allband Communications Cooperative (Allband) of corrective actions for compliance with the Federal Communications Commission's (Commission's) rules for cost allocations and in support of Allband's petition for Waiver of 47 C.F.R. § 54.302 for an Interim Level of Support.

2. I, Christine A. Duncan, CPA (Maryland, JSI – Director – Revenue Requirements), have been the principal JSI representative engaged in assisting Allband in addressing compliance issues including, where necessary, development of corrective actions. I have also relied on other individuals within JSI possessing extensive and in-depth expertise on one or more issues relevant to JSI's assistance to Allband.
3. JSI has reviewed select 2016 accounting records from Allband's time reporting program and general ledger system. JSI also reviewed Allband's accounting and time reporting procedures (including its subsidiary, Allband Multimedia) and worked with Allband's personnel to develop a Corrective Action Plan to address areas of noncompliance as outlined in the Commission's Order released on July 20, 2016.
4. As part of JSI's review, I visited Allband's office in Curran, Michigan in September. In addition to reviewing and documenting the time recording and general ledger accounting procedures for Allband, I also discussed with Allband management and accounting personnel, the development of procedures appropriate for compliance with the Commission's Part 32, Part 54 and Part 64 rules related to affiliate transactions and regulated/nonregulated cost allocations. The time reporting and accounting review led to the development by Allband, with assistance from JSI, procedures that comply with the Commission's Part 32, Part 54 and Part 64, Subpart I rules.
5. The principal undertakings by Allband to enhance the preparation, review and approval processes governing the proper identification of regulated expenses, proper 47 C.F.R. Part 32 Uniform System of Accounts (USOA) assignment, and proper allocation of employee time were included in the Corrective Action Plan. Additionally, Allband took additional steps to acquire a comprehensive understanding of the Commission's cost allocation rules, which included the Controller attending a four day JSI Accounting and Separations and Access Conference taught by a Vice President and Director of JSI. Additionally, Allband has or is undertaking the incorporation of corrections to accounting records reflective of any USAC findings of which Allband is aware.

**JSI Experience in Advising and Assisting ILECs with FCC Compliance**

6. JSI's experience and knowledge respecting Part 32 date back to the adoption effective January 1, 1988 of Part 32 concurrent with the adoption of the Commission's Part 36 Jurisdictional Separations Procedures. Parts 32 and 36 respectively replaced FCC Part 31, the prior Uniform System of Accounts for Telecommunications Companies and FCC Part 67, Jurisdictional Separations. JSI's experience and knowledge respecting the Part 64 Subpart I date back to the adoption of Section 32.27 and Part 64, Subpart I in 1987-88. JSI's experience and knowledge of Part 32, Part 54 and Part 64, Subpart I have been integral to its preparation for local exchange carrier clients of Part 36 jurisdictional cost studies based on regulated costs and, in turn, development of interstate access revenue requirements under FCC Part 69, Access Charges and Universal Service high cost data submissions.
7. JSI has routinely assisted clients in complying with Section 32.27 and Sections 64.901-905. JSI has often satisfactorily explained client joint cost allocation or valuation procedures to public accounting firms engaged to perform high cost audits of JSI clients. Where necessary or requested to do so, JSI has assisted clients in responding to audit findings by way of developing procedures to better comply with Commission's joint cost rules. JSI has participated in numerous discussions with certified public accountants performing USAC audits regarding interpretation and application of FCC rules to ILEC accounting and cost data.

**Christine A. Duncan Experience in Advising and Assisting ILECs with FCC Compliance**

8. My employment with JSI, working in the areas of accounting, jurisdictional separations, interstate revenue requirement development and universal service high cost support submissions began in 2000. Since 2004, following the Part 32 *Accounting Reform Order*, I have been responsible for maintaining and updating the JSI Accounting Manual along with Scott Duncan, JD, CPA. Scott's experience with telecommunications accounting began in 1980 at Deloitte & Touche (then Deloitte, Haskins & Sells). In 1988, he led the conversion from the former FCC Part 31 USOA to the replacement FCC Part 32 USOA for the former Pacific Telecom, Inc.

(now part of CenturyLink). Scott also has significant experience in developing joint cost allocation procedures (i.e., regulated/nonregulated) for rural ILECs.

9. In 2008, I began assisting rural incumbent local exchange carrier (ILEC) clients in responding to Universal Service Administrative Company (USAC) audits, including those conducted under contract with USAC by certified public accounting firms. In addition to direct responsibility for assisting some clients with USAC audits, I have also served as a coordinator for addressing complex issues arising in all USAC audits of JSI clients. These complex issues have included, but are not limited to issues arising under the following FCC rules: FCC Part 32, USOA in general; Section 32.27 Affiliate Transactions; Part 64, Subpart I Cost allocations (Regulated/Non-regulated); FCC Part 36 Jurisdictional Allocations; USAC and NECA data submissions related to universal service high cost support.
10. In the course of assisting clients in responding to USAC audits, I have always received from auditors a comprehensive understanding of potential findings, including the appropriate citation to FCC rules relevant to a possible compliance issue. Up to this time, I have been able to assist clients in satisfactorily discussing all audit findings with auditors, coming to agreement with auditors and USAC on the high cost funding impact of any findings and comprehensively explaining to auditors and USAC in writing any remedial actions to be undertaken.

#### **Uniqueness of Current USAC Special Review**

11. Initially JSI's assistance to Allband comprised addressing documented findings or issues pointed out in the FCC July 20<sup>th</sup> Order. The Order served as a good guide to Allband's development, with JSI assistance, of corrective actions. Since then, however, JSI's assistance to Allband has become challenging inasmuch as Allband has not received the types of draft, comprehensive reports normally presented during the course of a USAC audit. JSI's significant experience is that the draft USAC audit reports (including those drafted by certified public accounting firms) facilitate meaningful editing and refining of the findings together with documentation of the ILEC's response before finalization of the audit report. Where the finding includes

identification of an internal control or procedural weakness, the audit report includes the ILEC's proposed corrective action and timeline for implementation of the corrective action. In the current "special review", the important refinement process is weakened significantly. It is my understanding from our conversations with USAC that this difference is due to USAC's current work comprising a "compliance review" without the requirement for such feedback to the ILEC.

**JSI Conclusion Regarding Allband's Ability for Compliance**

12. Allband has comprehensively addressed every issue regarding possible compliance errors, including those documented in the July 20th Order and the ones raised by USAC in emails to Allband in the course of its ongoing compliance review. In some cases, Allband believes that the "finding" does not indicate a compliance error and has indicated to USAC, with appropriate support, its belief in that respect. In other cases, Allband agrees that a finding does indicate a compliance error and has indicated to USAC the corrective actions Allband is undertaking to address the compliance error. Any adjustments to 2016 records indicated by such corrective action will be completed before any submissions to USF or NECA filings. Allband has made or is making adjustments to accounting data to correct for 2016 any findings noted by USAC, including both the amount identified in the finding and any other 2016 entries that may have reflected the same compliance error.
13. Notwithstanding any issues raised by USAC for which Allband may not have the benefit of comprehensive feedback, Allband has, with the assistance of JSI, undertaken to develop and implement corrective action. JSI has reviewed all of the issues raised by USAC and evaluated whether corrective action is indicated and, where corrective action is indicated, the appropriateness and comprehensiveness of the corrective action planned by Allband. Moreover, JSI is continually following up with Allband regarding the execution of planned corrective actions.
14. Based on JSI's work with Allband personnel in implementation of corrective action to ensure compliance with FCC rules and execution of corrections to accounting records, JSI believes that Allband's accounting records support submission of

compliant cost data to USAC for 2016 in all material respects. Based on the foregoing, JSI believes that Allband can submit data for high cost that is compliant with the Commission's rules, including FCC Part 32, Part 54 and Part 64, Subpart I.

**Emergency Waiver for Partial Interim Support**

15. JSI is comfortable, based upon what JSI has reviewed in reference to calendar year 2016 and the corrective actions that Allband has undertaken to allocate expenses between regulated and nonregulated operations, that the allocations will support the regulated operations being above \$250 per line / per month.

Christine A Duncan CPA

Christine A. Duncan, CPA  
Director – Revenue Requirements  
JSI  
7852 Walker Dr., Suite 200  
Greenbelt MD 20770  
301-459-7590

January 10, 2017

Subscribed and sworn to before me, in my presence, this  
10 day of January, 2017, a Notary Public  
in and for the State of Maryland  
Sarah L Delehanty  
Notary Public  
My commission expires 12/18, 2019

